

## **GASB 34 and REAC Reporting**

Public Housing Authorities (PHAs) now have more versatility in reporting financial data to the Real Estate Assessment Center (REAC). The Financial Assessment Subsystem for PHAs (FASS-PHA) can now handle financial submissions submitted by those PHAs who have implemented GASB 34 early and for those who are required to implement GASB 34 for reporting periods that begin after June 15 2001.

### **Mandated additions**

GASB 34 establishes new financial reporting standards for state and local governments. It establishes that the basic financial statements and required supplementary information for governments should consist of:

The **Management's Discussion and Analysis (MD&A)**. The MD&A should provide an analytical overview of the government's financial activities and introduce the basic financial statements. The link for notes and findings now includes a tab for the MD&A. This is a required section of the audited financial submission and its omission can result in rejection of the submission.

The **Basic Financial statements** required by GASB 34 will now be described as the Government-wide financial statements. These statements should show information about the reporting government as a whole. The government-wide financial statements should be prepared using the full accrual basis of accounting as required by GASB 34. The government-wide financial statements consist of the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Fund Net Assets and the Statement of Cash Flows (Direct Method only for enterprise activity). The financial assessment subsystem for PHAs now has a tab under the notes and findings link for uploading these statements.

As stated above, the Government-wide financial statements must be prepared using the full accrual basis of accounting. The REAC requires that the FDS support the government-wide financial statements. Therefore, after implementation of GASB 34, the FDS must be prepared using the full accrual method of accounting. All analysis of the financial submissions will include a comparison of figures provided on the FDS to the Government-wide financial statements. Both of these sets of financial statements must be prepared using the accrual method of accounting to avoid rejection of audited financial submissions.

### **System Changes**

In order to accommodate the implementation of GASB 34, the Financial Data Schedule (FDS) has undergone several changes. System changes include:

- New Line Items
- Updated Accounting Methods
- Two New Reports
- Business rules pertinent to GASB 34

Implementation of GASB 34 has resulted in a change to line items on the FDS. The following line items have been added:

<b>168</b>	Infrastructure
<b>508.1</b>	Invested in Capital Assets, Net of Related Debt
<b>511.1</b>	Restricted Net Assets
<b>512.1</b>	Unrestricted Net Assets
<b>1007</b>	Extraordinary Items (net gain/loss)

System Users will find that the Validation and Completeness Check processes have been modified to blend the new business rules required by GASB 34. The Completeness Check will ensure that all programs input by the user are appropriate for the accounting method chosen. Please note on the FDS housing authorities have a choice of accounting methods: Full Accrual/pre GASB 34, Modified Accrual/pre GASB 34 and Full Accrual/post GASB 34. If full accrual/post GASB 34 is selected as the accounting method, all of a PHA's programs must be filed under this method.

System Users will have access to two new reports. In addition to the reports that were previously available through the system, users can now view and print the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets.